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at 10.30 a.m.

New York

SUMMARY RECORD OF THE 4th MEETING

Chairman: Mr. PIRSON (Belgium)

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AGENDA ITEM 103: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS: REPORT OF THE COMMITTEE ON CONTRIBUTIONS

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The meeting was called to order at 10.35 a.m.

AGENDA ITEM 103: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS: REPORT OF THE COMMITTEE ON CONTRIBUTIONS (A/34/11 and Add.1) (continued)

1. The CHAIRMAN reminded members that the list of speakers on the item would be closed at 6 p.m. on Thursday, 27 September.
2. Mr. HAMZAN (Syrian Arab Republic) said that his delegation attached great importance to the General Assembly resolutions concerning the scale of assessments and to the proposals and comments made on the subject in the Fifth Committee in recent years, particularly with reference to the developing countries. Guided by the principle of collective responsibility in defraying the expenses of the United Nations, his delegation wished to stress the need to take full account of Member States' capacity to pay in determining their respective contributions to the expenses of the Organization.
3. Recalling the provisions of General Assembly resolutions 1137 (XII) and 31/95 A he noted that the assessments of some countries had been fixed at much higher levels than under the previous scale but that the Committee on Contributions had offered no justification for those increases in its report. His country's assessment had gone down steadily over the years under successive scales, reaching the figure of 0.02 per cent at the time when it had been decided to reduce the minimum assessment as a means of helping the developing countries. Subsequently, under General Assembly resolution 31/95 A of 1976, it had been decided to set the minimum assessment at 0.01 per cent.
4. However, the scale recommended for the period 1980-1982 showed an increase in the Syrian Arab Republic's contribution to the expenses of the Organization - an increase for which there was no justification. He wished to remind members that the Syrian Arab Republic was at the present time deprived of some of its most fertile land as a result of Israeli aggression and occupation of part of its territory, so that it was faced with economic and financial difficulties which the Committee on Contributions had not seen fit to take into account.
5. He also wished to protest against the manner in which the criterion of military expenditures had been applied to his country. The Syrian Arab Republic was situated in a region which was greatly troubled by the situation resulting from Israel's expansionist designs, and that was the reason for the increase in military spending, which made it necessary to use up reserves of hard currency at the expense of other sectors of the national economy. He also wished to recall that, at the third United Nations Conference on the Law of the Sea, Syria had been included among the geographically disadvantaged countries. His delegation would have liked to see the Committee on Contributions take all those factors into account in fixing the assessment of the Syrian Arab Republic, particularly since General Assembly resolution 31/95 A permitted it to set the minimum assessment for Member States at 0.01 per cent. His delegation therefore did not feel that it could vote for the draft resolution contained in the report of the Committee on Contributions.

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6. Mr. PALAMARCHUK (Union of Soviet Socialist Republics) said that, in the opinion of his delegation, the Committee on Contributions had properly discharged its mandate and had, with a few exceptions, strictly applied the rules relating to the principle of Member States' capacity to pay. The Committee had taken the special needs of developing countries into consideration. Seventy States had been assessed at the minimum rate of 0.01 per cent under the scale recommended for the period 1980-1982 as compared to 66 States under the existing scale. Nine States had received an assessment of 0.02 per cent, while for 10 others the rate was 0.03 per cent. A total of 89 States would thus be paying assessments ranging from 0.01 to 0.03 per cent. In other words, a majority of Member States, i.e. more than 60 per cent of the total membership, were paying slightly more than 1 per cent of the expenses of the United Nations, while 18 States, with assessments of more than 1 per cent, were financing 86.11 per cent of the budget.

7. The Committee had also established a new additional allowance for low per capita income countries and had granted requests made to it by a number of countries which had suffered natural disasters or faced compelling economic problems. His delegation noted that the Committee had again concluded that national income expressed in current prices was the only criterion valid for all countries and could therefore be used in determining States' capacity to pay. His delegation endorsed the method employed by the Committee in determining the assessments of Member States and would, for the various reasons he had indicated, support the draft resolution contained in the report (A/34/11).

8. His delegation wished to remind members that the financing of United Nations peace-keeping operations were governed by Chapter VII of the United Nations Charter and that Article 19 dealt exclusively with contributions to the Organization's regular budget; the attempts made by the Secretariat to present the matter in a different light were therefore without any legal basis and unlawful.

9. He felt that, in including paragraph 77 of its report, the Committee on Contributions had exceeded its competence - a situation which must not be permitted to occur again. Finally, he wished to recall that, at the thirty-first session of the General Assembly, the Group of Socialist States had agreed to an increase in the membership of the Committee on Contributions on the understanding that that would result in better representation of the five regional groups. It had not been possible to reach agreement on the matter, however, and the principle of equitable geographical distribution was still not being observed on the Committee on Contributions.

10. Mr. WILLIAMS (Panama) paid a tribute to the Committee on Contributions, which, in spite of the difficult circumstances and broad range of problems with which it had to deal, had succeeded in reaching conclusions which, although not altogether to the liking of every Member State, were acceptable from the standpoint of feasibility.

11. He noted that, according to paragraphs 16 and 17 of document A/34/11, the members of the Committee had expressed different views regarding the base period for the compilation of national income statistics. Since 1953, the practice had

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(Mr. Williams, Panama)

been to use national income statistics calculated over a period of three years because it was more consistent with current economic realities. However, for various reasons, it had been decided to calculate the scale of assessments of Member States for 1980-1981 on the basis of statistics relating to a seven-year base period that would "provide a balance between the requirements of taking into account the avoidance of sharp variations in rates of assessment, the component of national wealth, the need for stability and continuity in the statistical base, and the importance of retaining as close a relationship as possible to current economic realities". If the world economy were not subject to various types of inflationary pressure such as stagflation, recession and depression, the seven-year formula would unquestionably have been ideal since it corresponded to the traditional economic cycle. However, in the opinion of his delegation, that method was not suitable for the quantification of the contributions of States Members of the United Nations because that statistical exercise was belied by the fluctuations to which the national incomes of the developing countries were subject. In Central America, for example, the phenomenon of fluctuating national income was very much in evidence. Between 1960 and 1976, the countries of that region had achieved a respectable rate of growth of 5.7 per cent but, except in the case of Honduras, the projected growth rate for the next three years was between 2 and 3 per cent. The inflation rate of between 7 and 8 per cent could rise to 10 per cent and above during the next three years.

12. Moreover, in the case of Africa the paucity of information made it impossible to measure per capita income. The Economic Commission for Africa was currently preparing statistics for each country. Although the reliability and consistency of that data was doubtful, the figures for the urban sector could be considered far more realistic than those for the rural sector. For example, the estimated rate of growth, calculated with the minimum risk of error for the year 1978, was -2.5 per cent for Ghana, 3 per cent for Kenya, 2.9 per cent for Nigeria, -9 per cent for Rhodesia, -6 per cent for Zaire and -7 per cent for Zambia. Those observations were equally valid for Latin America, Asia and the rest of the developing world, where the same phenomenon was found: negative growth and high inflation. Consequently, if account was taken of the inflationary pressures in every country and, in particular, in the above-mentioned countries and regions where inflation rates ranged from 10 to 153 per cent and growth rates fluctuated between -9 per cent and 3 per cent within a single year, the projections for the next two years would give similar figures. In the opinion of his delegation, the use of a seven-year base period was wholly to the disadvantage of the developing countries and had the effect of considerably increasing their contributions. If, on the other hand, a three-year base period was adopted, the fluctuations in the growth and inflation rates would make the econometric model more balanced and realistic.

13. He shared the view of several other representatives that the members of the Committee on Contributions should regard exogenous factors as an essential component in the selection of the econometric model to be adopted, since such factors had an even greater influence than measurements and quantities on the final results of any calculation of national income.

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(Mr. Williams, Panama)

14. In conclusion, he said that his delegation would reserve its position regarding the report of the Committee on Contributions.

15. Mr. FALL (Mauritania) said that his delegation was satisfied with the methods that the Committee on Contributions had used to calculate the contributions of Member States. It thought, however, that the application of the sole criterion of per capita income to determine the payment capacity of countries did not reflect the real wealth of developing countries. The Committee should take into account the fact that, although the income of some of those countries was increasing as a result of the rise in the prices of their exports of raw materials, which were not inexhaustible, they needed that extra income in order to diversify other economic activities capable of replacing their raw materials exports. That was not the case with the developed countries, which, over the centuries, had been able to accumulate capital and establish an infrastructure which provided a more stable base for their economy.

16. In order to avoid wide variations in the assessments of certain countries, it would be advisable to fix a ceiling for the increase in contributions. His delegation also invited the Committee to continue its efforts to find a method that would allow a fair and equitable assessment of contributions.

17. Mauritania, which was rightly paying the minimum contribution, had for several years been suffering from a drought that had ravaged three quarters of its livestock, and also from the repercussions of a war originating from the problem of Western Sahara. The Government was currently taking measures for economic recovery and waging a campaign against natural disasters.

18. His delegation would vote for the draft resolution contained in paragraph 78 of the report of the Committee on Contributions.

19. Mr. ALLAGANY (Saudi Arabia) congratulated the Committee on Contributions on its work but expressed his delegation's grave dissatisfaction regarding Saudi Arabia's contribution as recommended for the period 1980-1982, which had doubled since the establishment of the previous scale. That was not to say that his country was opposed to an increase, in spite of the large size of its contributions to the budgets of the specialized agencies. Saudi Arabia was, for example, providing the highest voluntary contribution to the World Food Programme, to which it had already paid \$300 million. The sum of its voluntary contributions had doubled several times in recent years. However, it was unfair that a large increase should be imposed on Saudi Arabia at a time when the contributions of certain developed countries had slightly decreased. Saudi Arabia was currently endeavouring to industrialize while at the same time devoting 17 per cent of its national income to assistance for the developing countries.

20. His delegation, although most willing to help the United Nations to the full extent of its capabilities, was surprised that the increase in contributions mainly affected one particular group of countries, and he therefore wished to know what criteria the Committee had used as a basis for increasing or reducing the contributions of certain countries. His delegation consequently reserved its position pending receipt of the requisite clarifications.

The meeting rose at 11.20 a.m.